

Sales of gift certificates and money orders represent the sale of intangibles, which are not subject to tax under the Retailers' Occupation Tax Act. Any fees charged incident to the sale of gift certificates and money orders are also not subject to tax under the Retailers' Occupation Tax Act as there has been no sale of tangible personal property. See 86 Ill. Adm. Code 130.120(a). (This is a GIL).

February 25, 2002

Dear Xxxxx:

This letter is in response to your letter dated November 26, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/Laws/regs/part1200>.

In your letter you have stated and made inquiry as follows:

I am writing from the STATE Association to clarify a recent inquiry regarding the sales tax charged on the sales of gift certificates and money orders. I previously inquired if the sale of these items was taxable in the state of Illinois. The question has also since arisen as to whether the fees related to the sale of money orders and gift certificates at the agent locations (grocery stores, convenience stores, etc.) within your state are taxable.

Please email or fax me the law covering these inquiries. Thank you very much.

This office recently responded by letter dated February 7, 2002, to an initial inquiry from Accounting Manager at the STATE Association regarding the taxability of sales of gift certificates and money orders. As stated in that letter, sales of gift certificates and money orders represent the sale of intangibles, which are not subject to tax under the Retailers' Occupation Tax Act. See the enclosed copy of 86 Ill. Adm. Code 130.120(a). Retailers' Occupation Tax is imposed on the sale at retail of tangible personal property for use or consumption. Any fees charged incident to the sale of gift certificates and money orders are also not subject to tax under the Retailers' Occupation Tax Act as there has been no sale of tangible personal property.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Sincerely,

Dana Deen Kinion  
Associate Counsel

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